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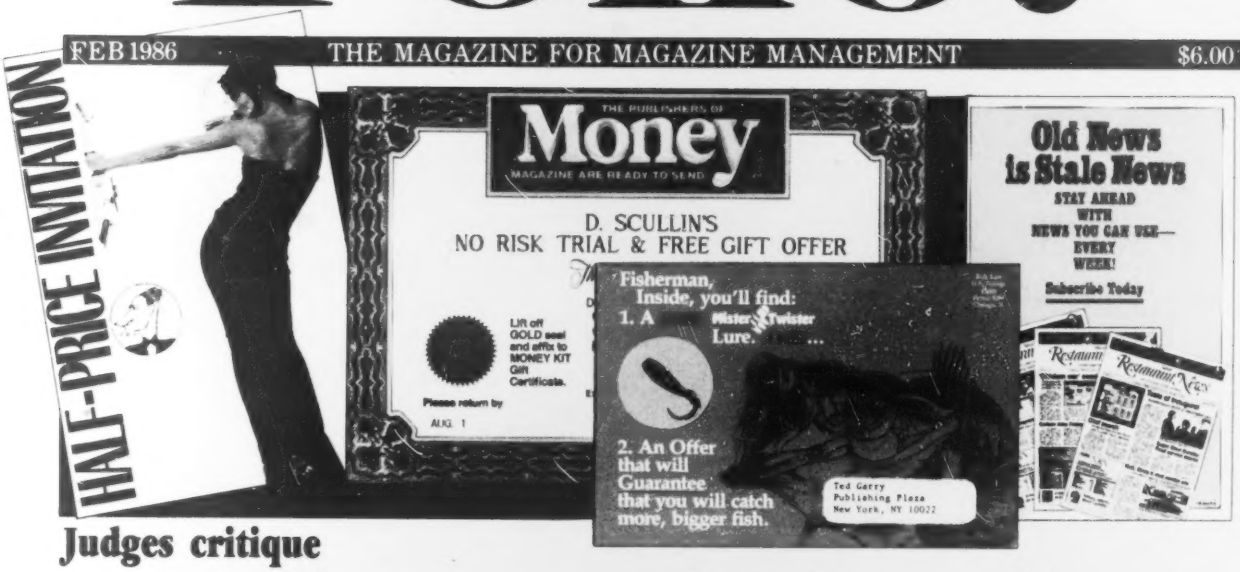
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Judges critique

Best direct marketing efforts

What makes a circulation direct marketing piece a winner? Experts explain their choices for the Folio Circulation Direct Marketing Awards. **94**

Breaking ground at *Country Living*

When a magazine is already a smashing success, what's a new publisher to do for an encore? Dick Sarno is sowing the seeds for new varieties of advertisers. **51**

Magazines' 6-8% ad rate hikes unjustified, agencies assert

Maintaining the quality that advertisers want requires increases in excess of inflation, retort publishers. **27**

1986 ad rate % increases

Weeklies	6.6%
Women's	7.8
Business & finance	8.4
Science	7.6
Home Service	8.1
General editorial	6.6
Sports	7.5%

*Partial list provided by Young & Rubicam

Business magazine research attacked

"Wastebasket" reader research studies are hurting business magazines' credibility, says one major publishing firm, which is bucking for audits. **29**

The pref network one year later: An analysis

Some of the bugs are out, though delivery figures still aren't impressive. And, if the system's costs are high, a big second class rate hike might be in store. **27**

February 1986

Revitalizing single-copy sales 84

Publishers and distributors reveal their strategies to cure the malaise at the newsstand; industry and individual efforts underway to reverse downward trend.

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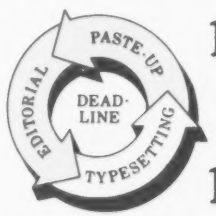

Getting it right the first time may be wishful thinking, but that doesn't mean we can't get closer to the ideal.

Why some magazines never die 104

Certain magazines—like *Life, Inside Sports* and *The Saturday Review*—live on long after their death notices. Here are 12 characteristics of magazine immortality.

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Business publishers starting their own 'J Schools' 32

Frustrated by new editors' lack of knowledge about publishing dynamics and business publishing in particular, some companies have taken education into their own hands.

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LETTERS

Crain defended

Eliot Schein should have terminated his December direct marketing column at paragraph two where he notes the "remarkable success of *Ad Age* . . . just seems to grow and grow." Instead he continues for another 15 graphs trying to pitch the Publishers Crain.

I'm no fan of Crain's marketing efforts, editorial slants or graphic packages either, but as a provider of hard, fast and generally reliable news and trends for the markets they cover, the Crain stable is tough to beat.

Greg Proteau
Public Relations Director
National Marine Manufacturers Assn.

I am writing to dispute some of the very naive comments Eliot Schein included in his December column about *Crain's New York Business*. [See "Crain's marketing plan for the Big Apple," FOLIO:, December 1985, page 117.] Without the benefit of a split test of the promotion, I can only refute his speculations on the basis of knowledge and experience in the field of direct marketing business newspapers.

Schein chides Crain for offering a sub price of $25 instead of $24.97. Since the potential subscribers' companies pay the bill, they have little or no interest in a difference, monetary or psychological. In fact, the "consumerish hype" of the odd pricing is a turn off in this business-to-business transaction, as opposed to the nice, clean 25 buck fee. (Note that the FOLIO: bind-in sub cards use whole-dollar pricing.)

Schein then takes them to task for using a regular reply envelope instead of a BRE. Since the envelope will just run through the subscriber's company's postage meter, why would he (she) hesitate to use an unpaid envelope? Why should the publisher waste all that money paying postage? (Again, note that FOLIO:'s sub cards are also not postage paid.)

In light of what I know about business-to-business direct marketing and Crain's multitude of successes, I would have to assume Crain knows what they're doing. I'm not so sure about Schein, though.

Henry E. Dorfman
Publisher
Cincinnati Business Courier

The author replies

Since Mr. Dorfman seems to hold *Crain's New York Business* in high regard, he'll doubtless be interested to learn that, according to Crain's circulation expert, Mia Perkin-Jensen, it now plans a special offer priced at $19.75. (As for FOLIO:, I think $58 is definitely a good example of odd pricing.) Also, *Crain's New York Business* normally *does* send a BRE; the plain envelope was a mistake, it shouldn't have gone out that way. (And, since roughly 15 percent of its subscribers are at home addresses, I don't think they want to give that up.)

Jogging for dollars

Your item in the December issue in regard to the pros and cons of using a collection agency letter somewhere in the collection series was of interest. [See "Early collection agent efforts," page 26.]

We've been successful in making "collection jogging calls" on behalf of publishers. Here, using a low-key style, we ask the subscriber if payment has been sent, or if there is some "misunderstanding between us."

The tone of the call doesn't upset the subscriber. The proof is receipt of a check in three out of 10 calls.

Lawrence Steinberg
President
Mar-Tel

Sex in ad sales

Interesting comment by *Home Mechanix* publisher Marlene Jensen in your "Letters" column (FOLIO:, December 1985, page 4). It didn't bother her that during a sales call, the woman she was trying to sell ignored her but was "deeply interested in the male salesman who accompanied me. . . . We got the business so I was delighted."

If that statement (in reverse) were made by a man, no doubt it would be denounced as sexist by women and men alike in the managerial ranks who know—or should know—that the issue of gender has no rightful place in publishing or any other business.

Ms. Jensen and I were both at CBS a short while back, and I have always respected her opinions. But with this statement, Marlene, I must say (do I dare?), your "slip" is showing.

Thank you, FOLIO:, for a wonderful magazine.

Paul M. Eckstein
Managing Editor
The Practical Accountant

Correction

In our December feature, "Coated groundwood report," page 78, Blandin Paper Company was incorrectly located. The correct location is Grand Rapids, Minnesota.

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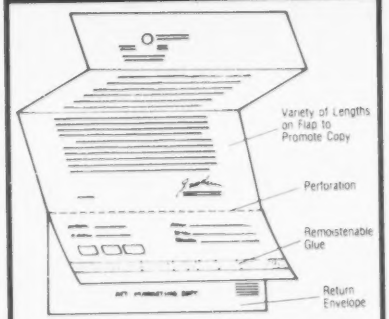

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How business magazines rank as info source

Higher than trade associations; lower than one's spouse

Aurora, Ill.—When it comes to getting the business information they need, heads of small businesses rely on their industry publications almost as much as their spouses, accountants and bankers, according to a survey sponsored by Comprehensive Accounting Corporation.

The study found that 30 percent of respondents regard industry-specific business magazines as "very important" sources of information in helping them run their businesses. Spouses, however, were the source named "very important" by the largest number of respondents—61 percent. Accountants were perceived as very important by 51 percent, and bankers by 41 percent.

Taking fifth place were trade associations, which were regarded as very important, by 24 percent. At the bottom of the list were local television (rated very important by 9 percent), network television (9 percent), *The Wall Street Journal* (7 percent) and general business magazines such as *Forbes*, *Fortune* and *Business Week* (6 percent).

The recently released survey results are based on telephone interviews of 203 heads of U.S. business firms with annual sales of $300,000 or less. Interviews took place during September and October of 1983, and were conducted by employees of Research & Forecasts, Inc., an independent research firm. Comprehensive Accounting Corporation specializes in services for small- and medium-size businesses.□

Top five sources of information, as ranked by heads of small businesses

	Very important	Somewhat important	A little important	Not important	Don't know/ no answer
Spouse	61%	11%	3%	17%	17%
Accountant	51	22	6	18	4
Banker	41	28	9	20	2
Trade publications	30	33	6	27	4
Industry/trade association	24%	33%	11%	27%	6%

Source: Comprehensive Accounting Corporation survey

Spouses get the highest ranking *as sources of information in a survey of heads of small businesses, but trade publications take fourth place—ahead of trade associations, trusted personal advisors, local newspapers, lawyers and business-oriented television programs.*

Magazine/video tie-ins: growing opportunities

With the increasing segmentation of the magazine and television markets, and with the proliferation of home videos, both competition and opportunities for magazines now go far beyond the print medium, notes Playboy Enterprises President/ CEO Christie Hefner.

Recognizing this, her company, which is already involved in home video production, is now testing "video centerfolds" as retail and mail-order tie-ins to the magazine itself.

The first videotape featuring the Playmate of the Month went on sale concurrently with the January issue of *Playboy*. A bind-in card in the magazine also promotes the video, which is priced at $9.95. Plans also call for promoting a magazine/video package.

Playboy executives say they will use their national distributor, Warner Publisher Services; the videotape distributor, Karl-Lorimar Home Video; and their own field staff to sell the magazine more effectively in videotape stores and to sell the tape more effectively in traditional publication outlets.

A spokesperson for Lorimar comments that his company is signing up other magazines for a major push into magazine-related videotapes.□

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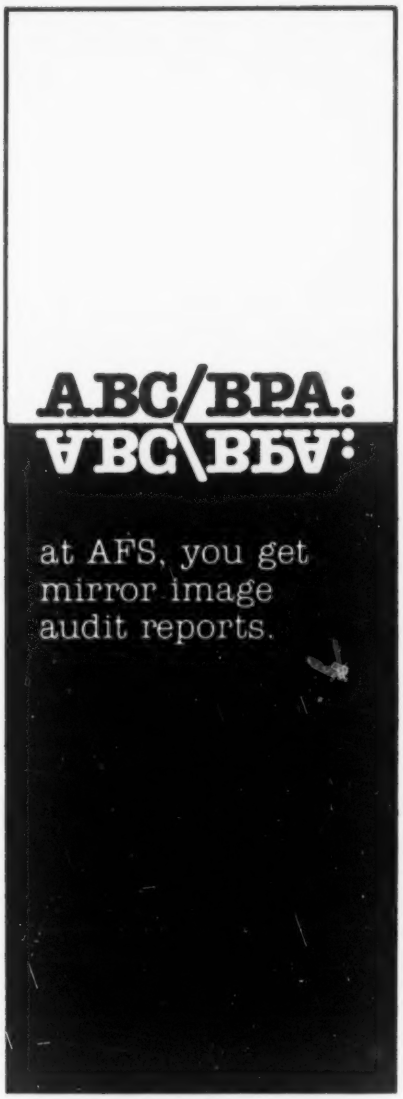

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Readability marks strong business magazines

It's true every time, maintains Doug Mueller, president of Gunning-Mueller Clear Writing Institute, after an in-depth study of trade and business magazines' editorial. "I find that the bigger the business magazines are—the higher the circulation and the higher the ad revenue—the more they pay attention to readability," he says.

Medical Economics magazine, for example, reads consistently at the eighth-, ninth- and tenth-grade level and has a lower "fog index"—Mueller's term for readability—than even *Reader's Digest*, *Time* and *Newsweek*. "The successful business magazines realize that even educated professional people prefer to get information without straining," he notes.□

Marketing briefs

McGraw-Hill's *Business Week* will run its first special advertising section on fashion in its April 7 issue. The section, titled "Spring '86 Fashion Portfolio," will feature clothing, jewelry, fragrances and skin-care products. The issue closes on February 9. Ad rates are $31,760 for a black-and-white page; $48,300 for color.

Beverage World will celebrate the hundredth anniversary of Coca-Cola with a special "Coke 100" edition. This issue is due to be published in May, the same month that Coca-Cola will host a birthday party in Atlanta for its bottlers and associates. This special issue of *Beverage World* will highlight Coke's history, and its position in domestic and foreign markets. It is published by Keller International Publishing Corp., Great Neck, New York.

Computer Decisions opened 1986 with its first product-oriented special issue, titled "Top Products of 1985." The issue reviewed computer and computer related equipment and systems that were introduced in 1985. *Computer Decisions* is published biweekly by Hayden Publishing, Hasbrouck Heights, New Jersey.

Working Woman, *Success* and *American Way*, the in-flight magazine of American Airlines, teamed up to produce a special supplement, "Strategic Thinking: A Guide to Business Growth in the '80s." The section ran in the January issues. The 32-page supplement, geared to managers of newly established businesses, covered financial and equipment topics. A black-and-white page costs $31,450; a four-color is $42,150.

The Magazine Antiques has put advertisers on the map—literally. The monthly, published by Brant Publications, New York City, has begun inserting gatefold maps that highlight antique shops and inns in various areas. The first appeared in July, followed by two others. The next map, in the February issue, showcases the Southern states. Businesses listed on the maps pay $200 for the exposure.

Corrections to The Folio:400/1985

Please note the following corrections to the latest edition of The Folio:400. The editors apologize for any confusion or inconvenience caused by the errors and urge the readers to familiarize themselves with the corrections below.

Hustler

In Table 11, "Top 50 Consumer Magazines by Net Change in Average Newsstand Circulation," *Hustler* should not rank. The correct net change for this magazine is –1,053,063. *Circus Magazine* takes the top spot and *Success!* moves in with a net change of 3,759.

Market Highlights

The phrase, "to exit the market," used in the market highlights, refers only to magazines not included in The Folio:400/1985. Specifically, we wish to clarify that *AMM* (Metals, page 319) and *Learning* (Education, page 345) continue to be published, although not ranked among the 400.

Financial performance review:

How magazine publishing stacks up

Financial data show public magazine sector in good health and growing stronger at end of first half of 1980s

BY JOHN S. SUHLER AND DAVID C. LAMB

Despite disappointing revenue growth over the first half of the 1980s, magazine publishers outperformed the communications industry in annual operating income growth and improved profit margins.

The publishers also proved themselves to be much more efficient asset users than did other communications businesses. Their greater efficiency exhibited itself not only in terms of operating income return on assets, but also in terms of cashflow return on assets.

These conclusions are drawn from the data presented in the third annual edition of *Communications Industry Report*, issued by Veronis, Suhler & Associates. The report carries data for 313 business lines of 245 companies operating in the United States and Canada. It groups the data into 10 industry segments and a miscellaneous grouping for cases where less than 60 percent of the revenue in a business line comes from a categorizable communications activity.

The data show that the communications industry's magazine publishing sector, the combined results for business and magazine publishers, amounted to $3.5 billion in 1984—6 percent of the communications industry's total revenue. The magazine sector's $0.4 billion ($400 million) in pretax operating income in 1984, however, accounted for a somewhat smaller 5 percent of the industry's total income. The sector's operating income margin stood at 13.1 percent in 1984—1.9 percentage points lower than the industry's 15.0 percent margin.

The 10 industry segments, besides the two magazine publishing segments (business and consumer), include newspaper publishing, broadcasting, cable and pay television, and business information services. Also included are book publishing, entertainment programming and distribution, recorded music, and advertising.

In the magazine sector, data have been compiled for 14 business and 15 consumer magazine publishers. No publisher in one magazine segment appears in the other—an indication that the business operations of the two segments are distinctly different from each other. This difference becomes even more evident when the financial results for the two segments are directly compared with each other.

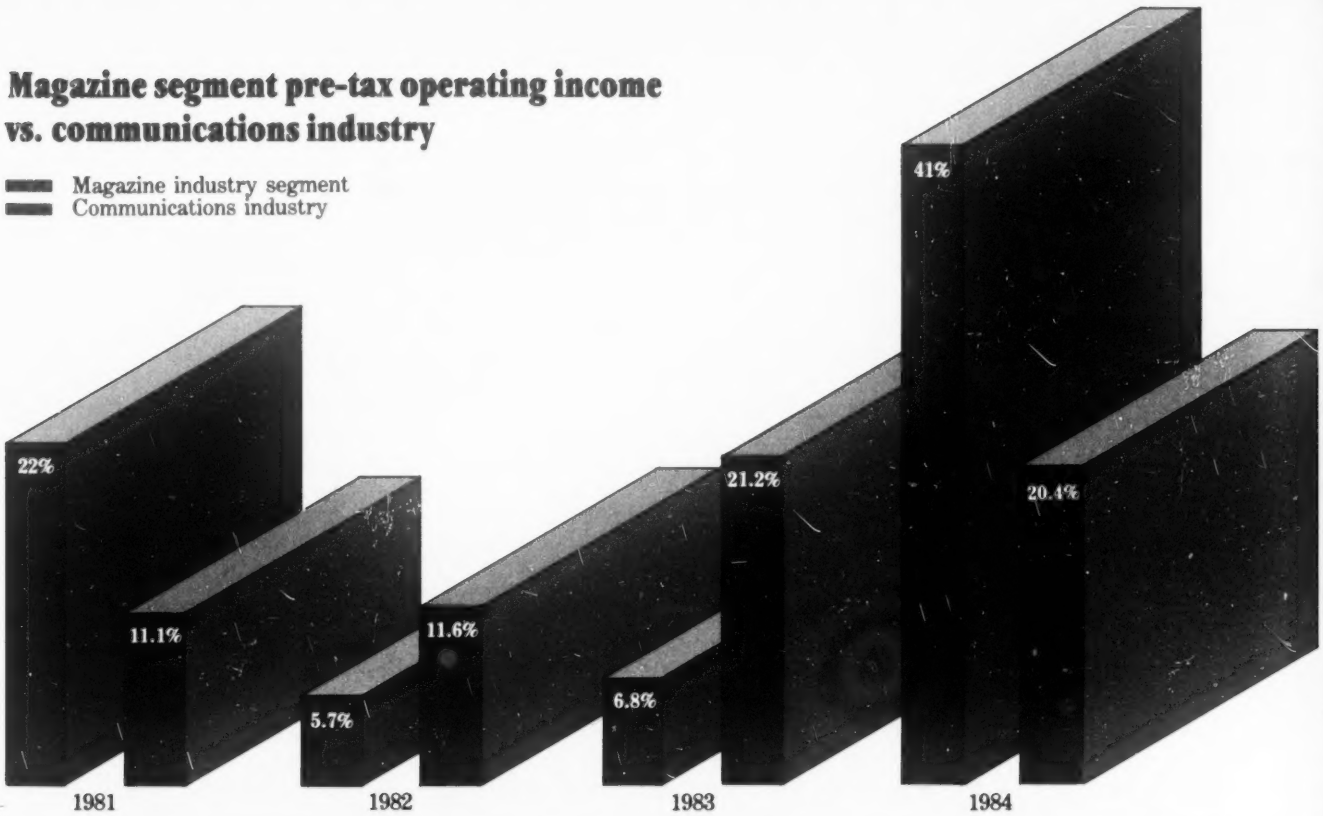
Five-year sector results

For the five years ending with 1984, the operations of 26 magazine publishers (all but one of them publicly held) managed a 9.1 percent compound annual growth in revenue, compared with 13.6 percent for the communications industry. But the publishers' pretax operating income for the period grew 38.1 percent annually. And their profit margins in 1984 improved 2.9 percentage points from margins in 1980, compared with an improvement of only 1.2 percentage points for the industry.

The magazine sector only came near equaling the overall communications industry in terms of its five-year compound annual growth of pro forma cashflow (17.8 percent versus 18.0 percent). However, the sector outperforms the industry when cashflow margins for 1984 are compared with those for 1983

John S. Suhler is president of Veronis, Suhler & Associates, a New York investment banking firm specializing in mergers and acquisitions in the communications industry. Since its formation in 1981, VS&A has represented magazine publishers and other communications industry clients in investment banking transactions totaling more than $600 million. David C. Lamb, an associate in the firm, is the editor of VS&A's annual Communications Industry Report.

Magazine segment pre-tax operating income vs. communications industry



Magazine financial growth, 1980-84

Classification	No. of cos. in segment	Year-to-year growth 1981	1982	1983	1984	1980-84 compound annual growth
Revenue						
Business magazine segment	14	14.6%	.0%	5.3%	14.4%	8.4%
Consumer magazine segment	12	10.9	4.3	12.5	12.4	10.0
VS&A magazine sector totals	26	12.1	2.9	10.2	13.0	9.5
VS&A communications industry totals	282	12.8	12.2	13.1	16.1	13.6
Pretax operating income						
Business magazine segment	14	5.4	3.6	17.5	27.7	13.1
Consumer magazine segment	12	35.1	7.0	0.5	50.3	21.6
VS&A magazine sector totals	26	22.0	5.7	6.8	41.0	18.1
VS&A communications industry total	282	11.1%	11.6%	21.2%	20.4%	16.0%

***Combined business and consumer magazine revenue** posted record annual growth in 1984, pulling up the annual growth rate for the first half of the 1980s to 9.5 percent. Pretax profits hit a record-setting 41.0 percent in 1984, lifting the five-year annual growth rate to 18.1 percent. Magazine profits grew faster than overall communications industry profits both periods; consumer magazines topped business magazines in profits for both periods.*

(3.5 percentage-point growth for the magazine sector versus 2.7 percentage-point growth for the industry). Cashflow is "pro forma" because it is obtained by adding depreciation and amortization to pretax operating income to approximate actual cashflow.

As for assets, the magazine sector's assets grew only 7.3 percent annually over the five-year period, compared with 18.6 percent annual growth for the industry. But, supporting its reputation as an efficient user of assets, the magazine publishing sector's 41.9 percent pretax operating income return on assets in 1984 compares with 17.4 percent for the industry. In addition, the sector's 1984 assets turned over annually at a rate almost three times the industry's rate (3.3 times versus 1.2 times). The sector again outperformed the industry on another measure of efficient use of assets—operating cashflow return on assets. The sector's 1984 return, at 46.0 percent, far outdistanced the industry's 21.8 percent performance.

These growth and financial ratio comparisons, as well as those that follow, are based on segment composites

Magazine financial performance, 1980-84

Classification	No. of cos. in segment	1984 asset turnover (times/yr)	1984 operating income: 84 vs. 80 margin change (points)	1984 operating income: Return on assets	1984 cashflow operating income: 84 vs. 80 margin change (points)	1984 cashflow operating income: Return on assets
Business magazine segment	14	2.3	2.3	33.5%	2.8	36.9%
Consumer magazine segment	12	4.5	3.6	51.8%	4.4	56.6%
VS&A magazine sector totals	26	3.5	3.3	43.1%	3.8	47.1%
VS&A communications industry total	282	1.2	1.2	17.4%	2.7	21.8%

***Magazines in 1984 made the most efficient use** of their assets of any of the 10 segments of the communications industry, based on return on assets and asset turnover measures. Their profit margins also improved for 1984 over 1980 more than the industry's margin did. Besides magazines, industry segments include broadcasting, cable and pay TV, business information services, newspaper publishing, book publishing, entertainment programming and distribution, recorded music and advertising.*

Leading business magazine publishers

	Rank	Revenues		Pretax operating income		Pro-forma operating cashflow	
1984 Growth (%)	1	OTC Stock Journal	160.0%	Media Horizons	100.0%	Media Horizons	66.7%
	2	Amer. City Business Jnls.	129.4	Southam	52.2	Harcourt Brace Jovanovich	42.0
	3	Plaza Communications	52.9	Harcourt Brace Jovanovich	45.2	Southam	38.9
Five-year compound annual growth rate (%)	1	Plaza Communications	51.0%	Harcourt Brace Jovanovich	40.7%	Harcourt Brace Jovanovich	35.1%
	2	United Newspapers (Gralla)	15.4	ABC	22.5	ABC	20.7
	3	Bill Communications	14.8	United Newspapers (Gralla)	21.2	United Newspapers (Gralla)	20.6
	Rank	1984 return on assets (%)		1984 margins (%)		Margin change 1984 vs. 1980 (percentage points)	
Pre-tax Operating Income	1	United Newspapers (Gralla)	58.9%	United Newspapers (Gralla)	23.3%	Harcourt Brace Jovanovich	10.3
	2	Pittway (Penton/IPC)	49.0	McGraw-Hill	18.8	Pittway (Penton/IPC)	5.4
	3	McGraw-Hill	48.1	Harcourt Brace Jovanovich	16.5	ABC	4.3

***United Newspapers (Gralla) turned in the best** performance among business magazine publishers last year in terms of operating income margins (23.3 percent) and return on assets (58.9 percent). Harcourt Brace Jovanovich appeared among the top-three leaders on the basis of nine measures. It ranked first in terms of five-year annual income growth (40.7 percent), cashflow growth (35.1 percent), and improved margins in 1984 over 1980 (10.3 percentage points).*

Leading consumer magazine publishers

	Rank	Revenues		Pre-tax operating income		Pro-forma operating cashflow	
1984 Growth (%)	1	Baker Communications	500.0%	Playboy	175.4%	Playboy	159.2%
	2	Gambling Times	63.2	Time Inc.,	77.4	Time Inc.	79.5
	3	Historical Times	39.0	TL Enterprises	74.1	TL Enterprises	66.7
Five-year compound annual growth rate (%)	1	Advantage Companies Inc.	55.2%	TL Enterprises	61.0%	TL Enterprises	53.5%
	2	Historical Times	17.2	Time Inc.	34.8	Time Inc.	34.9
	3	TL Enterprises	16.1	Washington Post (Newsweek)	17.6	Washington Post (Newsweek)	19.5
	Rank	1984 return on assets (%)		1984 margins (%)		Margin chang. 1984 vs 1980 (percentage points)	
Pre-tax operating income	1	Time Inc.	98.4%	TL Enterprises	17.0%	TL Enterprises	12.4
	2	Playboy	54.1	Time Inc.	14.2	Time Inc.	6.6
	3	New Yorker	42.3	New Yorker	12.4	Times Mirror	2.3

***Despite its size,** Time Inc. appeared seven times among the top-three consumer magazine publishers on nine measures of financial performance and growth in 1984 and the first half of the 1980s. TL Enterprises, much smaller in size, tied with the publishing giant in number of top-three mentions.*

compiled by using only those business lines for which data are available for all five years covered by the report. This improved the validity of the comparisons.

In the case of the magazine sector, the averages are based on data for all 14 business publishing lines and for 12 of the consumer publishing lines. In the case of the entire industry, the composites are based on data for 282 business lines, reported by 221 companies.

Business publishers' performance

Business magazine publishers, although experiencing only 8.4 percent compound annual revenue growth, achieved 13.1 percent annual income growth during the first half of the 1980s. Their 1984 operating income margins stood at 14.6 percent—an improvement of 2.3 percentage points from 12.3 percent at the start of the decade.

Revenue growth in 1984 reached 14.4 percent, accelerating nearly three times from the 5.3 percent growth recorded in 1983. The 1983 rate approached the 14.6 percent growth for the segment in 1980.

Meanwhile, the business-magazine segment's operating income soared a record 27.7 percent in 1984—almost double the 17.5 percent posted the prior year and five times the 5.4 percent reported at the beginning of the decade. Operating income margins for 1984, at 14.6 percent, also were record-breaking for the five-year period and were up noticeably from 13.1 percent in 1983.

Business magazine publishers' growth in operating income in 1984 far surpassed the industry's 20.4 percent growth rate. The publishers' 27.7 percent growth pulled the segment's five-year annual growth rate to within easy reach of the industry's 16.0 percent five-year annual growth. The segment's 1984 operating income margin, meanwhile, lagged just four-tenths of one percentage point behind the industry's 15.0 percent average—all but closing a 1.3 percentage point gap in 1983 and a 1.5 percentage point gap in 1980.

The publishers' assets grew at a compound annual rate of 5.9 percent during the first half of the 1980s, only one third the industry's 18.6 percent rate. While assets showed growth in absolute terms each year, the rate of growth has slowed each year—from 10.5 percent in 1981 to only 2.9 percent in 1984. In contrast, the industry's asset growth, after three straight years of decline, accelerated in 1984.

Business magazine publishers' achieved total cashflow growth of 67 percent during the first half of the 1980s. Cashflow expanded at an annually compounded rate of 13.8 percent over the five-year period, with the 1984 rate four times the 1981 rate.

Cashflow margins in 1984 stood at 16.1 percent—still noticeably below the 18.7 percent margin for the industry. however, the segment appears to be doing better on this measure. The 1.9 percentage point difference for 1984 compared with a 3.6 percentage point difference in 1983 and a 2.8 percentage point difference in 1980.

As for measures of operating efficiency, business magazine publishers' 1984 pretax operating income return on assets hit 33.5 percent—nearly twice the industry's 17.4 percent rate. The segment's 1984 cashflow return on assets reached 36.9 percent—compared with the industry's 21.8 percent return. In addition, the segment's 1984 assets turned over 2.3 times annually—twice the 1.2 rate for the industry.

Consumer and business magazines

Consumer magazine publishers topped business magazine publishers on the basis not only of five-year annual growth, but also annual growth for 1984. The total five-year revenue growth of consumer magazine publishers, for example, was 120 percent greater than the revenue growth of business magazine publishers.

Moreover, the operating income and assets of consumer magazine publishers also increased at much greater rates (65 percent and 62 percent, respectively). In addition, consumer magazine publishers' 1984 operating income margin also showed a much greater increase over its 1980 level than did the business magazine publishers' margin.

The more favorable growth of consumer magazine publishers holds true for most other measures, as well. For example, although consumer magazine publishers' revenue grew in 1984 at a slower rate than the revenue of business magazine publishers, the consumer magazine publishers' operating income that year grew at nearly double the business magazine publishers' rate.

Furthermore, although consumer magazine publishers' 1984 operating income margins were 21 percent lower than those of business magazine publishers, consumer magazine publishers' assets expanded at one and one-half times the expansion rate of business magazine publishers' assets.

Consumer magazine publishers also outperformed business magazine publishers on measures of efficient asset use. The consumer magazine publishers' 1984 operating income return on assets was one and one-half times that for business magazine publishers. Cashflow return on assets similarly favored consumer magazine publishers. And the 1984 assets of consumer magazine publishers turned over annually almost twice as rapidly.

The magazine industry kept its reputation as an efficient user of assets: Return on assets, annual turnover and cashflow return on assets outdistanced the communications industry.

Consumer publishers' performance

Consumer magazine publishers experienced 21.6 percent compound annual growth in operating income during the first half of the 1980s on 10.0 percent compound annual revenue growth. Their 1984 profit margins stood 3.8 percentage points above those recorded for 1980.

The publishers' achievement in 1984 was equally impressive. Operating income increased 50.3 percent on revenue growth of 12.4 percent over the prior year. Operating income margins reached 11.5 percent.

Year to year, the consumer magazine publishers' annual revenue growth for 1984 just missed surpassing revenue growth for 1983, falling behind by one tenth of 1 percent. Revenue growth for each year, however, exceeded the five-year compound annual growth rate.

The publishers' 50.3 percent growth in operating income for 1984 set an annual record for the period, doubling the five-year annual growth rate for this measure and far surpassing the second-best growth rate of 35.1

percent, which was recorded in 1980. The segment's operating income margin for 1984 also was a record for the five-year period, up over the second-best annual margin—9.6 percent, posted in 1982.

As for measures of operating efficiency, business magazine publishers' 1984 pretax operating income return on assets stood at 51.8 percent—nearly three times the industry's 17.4 percent rate. The segment's 1984 cashflow return on assets reached 56.6 percent—

Business and consumer magazine publishers had a low five-year compound revenue growth compared to the rest of the communications industry, Veronis & Suhler report.

compared with 21.8 percent for the industry. In addition, the segment's 1984 assets turned over 4.4 times annually—almost four times more rapidly than the 1.2 turnover rate for the industry.

Leading business publishers

Rankings of the leading companies in each magazine publishing segment have been compiled for all these measures, both for the five-year and 1984 periods.

Among business magazine publishers, Plaza Communications, whose titles include *Registered Representative* and *Personal Investor*, far outdistanced the rest on the basis of five-year compound annual revenue growth, with revenue growth of 51.0 percent. In second and third places were United Newspapers (Gralla) with 15.4 percent, and Bill Communications, a privately held firm, with 14.8 percent. These rates compare with the VS&A Business Magazine Publishing segment composite of 8.4 percent and the VS&A Communications Industry composite of 13.6 percent.

In terms of five-year compound annual income growth, the leaders were Harcourt Brace Jovanovich (HBJ), with 40.7 percent, followed by American Broadcasting Companies (ABC) with 22.5 percent, and United Newspapers, with 21.2 percent. VS&A segment and Communications Industry composites were 13.1 percent and 16.0 percent, respectively.

Based on 1984 revenue growth, OTC Stock Journal, which publishes the weekly tabloid of the same name, outdistanced the rest, with 160.0 percent growth. American City Business Journals placed second, with 129.4 percent, and Plaza Communications ranked third with 52.9 percent. The VS&A segment composite was 14.4 percent, while the VS&A Communications Industry composite was 16.1 percent.

When it came to 1984 operating income margins, the leaders were United Newspapers (23.3 percent), McGraw-Hill (18.8 percent) and HBJ (16.5 percent). All three bettered the VS&A segment and industry composites of 14.6 percent and 15.0 percent, respectively.

United Newspapers posted the best 1984 operating income return on assets (58.9 percent), followed by Pittway (49.0 percent) and McGraw-Hill (48.1 percent). They easily exceeded the respective VS&A segment and industry composites of 33.5 percent and 17.4 percent.

Leading consumer publishers

Among consumer magazine publishers, Advantage Companies, Inc., a small Nashville publisher of several local-interest magazines, outstripped the rest on the basis of five-year compound annual revenue growth, with 55.2 percent. In second and third places were two medium-size magazine groups—Historical Times, publisher of *Country Journal*, with 17.2 percent, and TL Enterprises, publisher of *Trailer Life*, with 16.1 percent. These rates compare with the VS&A Consumer Magazine Publishing segment composite of 10.0 percent and the VS&A Communications Industry composite of 13.6 percent.

In terms of five-year compound annual income growth, the leaders were TL Enterprises, with 61.0 percent, followed by Time Inc. (34.8 percent) and The Washington Post Company, publisher of *Newsweek*, (17.6 percent). VS&A segment and Communications Industry composites were 21.6 percent and 16.0 percent, respectively.

Measured by 1984 revenue growth, Baker Communications, a newly formed company that publishes two regionally targeted lifestyle magazines—*Beverly Hills* and *Newport Beach*—far surpassed other publishers in the segment, with growth of 500.0 percent to $1 million. Gambling Times, another small publisher, placed second (63.2 percent); and Historical Times ranked third (39.0 percent). The VS&A segment composite was 12.4 percent; the VS&A Communications Industry composite, 16.1 percent.

Concerning 1984 operating income margins, the leaders were TL Enterprises (17.0 percent), Time Inc. (14.2 percent) and The New Yorker (12.4 percent). Their margins compare with the VS&A segment and industry composites of 11.5 percent and 15.0 percent, respectively.

Time Inc. achieved the best 1984 operating income return on assets, with 98.4 percent, followed by Playboy (54.1 percent), and The New Yorker (42.3 percent). The results compare with the respective VS&A segment and industry composites of 51.8 percent and 17.4 percent.

Segment rankings

Besides being comparable with overall industry results, the results for business and consumer magazine publishing segments also may be ranked against the other eight identified segments of the Communications industry. (These rankings are especially interesting to companies considering diversification.)

Business and consumer magazine publishers ranked sixth and seventh, respectively, on the basis of five-year compound revenue growth, placing both segments in the bottom half of the 10 segments in the industry. The publishers ranked second and third, however, on the basis of five-year compound growth in operating income.

In terms of 1984 revenue growth, business magazine publishers ranked seventh and consumer magazine publishers eighth, again in the bottom half. But consumer magazines ranked first and business magazines fourth in terms of 1984 operating income growth.

Also for 1984, business magazine publishers' operating income margins ranked fifth and consumer magazine publishers' margins, sixth. The two segments' 1984 return on assets, computed both for operating income and cashflow, ranked first and second in the industry, with consumer magazine publishers the number one segment each time.□